

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02102B
Rancho Del Conejo Community Water Co-Op Inc.
13,000 W. Rudasill Rd
Tucson, AZ 85743

RECEIVED

MAR 09 2006

Z Corporation Commissio
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|-----------|-----------|-------------|
| 12 | 31 | 2005 |
|-----------|-----------|-------------|

FOR COMMISSION USE

| | |
|--------------|-----------|
| ANN04 | 05 |
|--------------|-----------|

COMPANY INFORMATION

| | | |
|---|-----------------------------|------------------------------------|
| Company Name (Business Name) Rancho Del Conejo Community Water Co-op, Inc. | | |
| Mailing Address 13000 W. Rudasill Road | | |
| (Street) | | |
| Tucson | AZ | 85743 |
| (City) | (State) | (Zip) |
| 520-682-8335 | 520-682-8335 | |
| Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |
| Local Office Mailing Address Same as above | | |
| (Street) | | |
| (City) | (State) | (Zip) |
| Local Office Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

MANAGEMENT INFORMATION

| | | | |
|--------------------------------------|-----------------------------|------------------------------------|-------|
| Management Contact: None | | | |
| (Name) | | (Title) | |
| (Street) | (City) | (State) | (Zip) |
| Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address _____ | | | |
| On Site Manager: Larry Flocks | | | |
| (Name) | | | |
| 13000 W. Rudasill Road | Tucson | AZ | 85743 |
| (Street) | (City) | (State) | (Zip) |
| 520-682-8335 | 520-682-8335 | | |
| Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address _____ | | | |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

| | | | |
|---|-----------------------------|------------------------------------|-------|
| Statutory Agent <u>Larry Udall</u> | | | |
| (Name) | | | |
| 2712 N. 7 th St. | Phoenix | AZ | 85006 |
| (Street) | (City) | (State) | (Zip) |
| 602-393-1700 | | | |
| Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Attorney: <u>Larry Udall</u> | | | |
| (Name) | | | |
| 2712 N. 7 th St. | Phoenix | AZ | 85006 |
| (Street) | (City) | (State) | (Zip) |
| 602-393-1700 | | | |
| Telephone Number (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |

OWNERSHIP INFORMATION

Check the following box that applies to you company:

| | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-Op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input checked="" type="checkbox"/> Other (Describe) <u>Non-Profit Corporation (Co-op)</u> | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

| | | |
|--|---|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|----------------------|--|-----------------------------------|--|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 10342 | --- | 10342 |
| 304 | Structures and Improvements | 6200 | 4699 | 1501 |
| 307 | Wells and Springs | 80765 | 48820 | 31945 |
| 311 | Pumping Equipment | 157421 | 35199 | 122222 |
| 320 | Water Treatment Equipment | | | |
| 330 | Distribution Reservoirs and Standpipes | 90349 | 14198 | 76151 |
| 331 | Transmission and Distribution Mains | 400957 | 87168 | 313789 |
| 333 | Services | 824 | 62 | 762 |
| 334 | Meters and Meter Installations | 22686 | 9101 | 13585 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 105110 | 20321 | 84789 |
| 340 | Office Furniture and Equipment | 6311 | 5840 | 471 |
| 341 | Transportation Equipment | 10300 | 9905 | 395 |
| 343 | Tools, Shop and Garage Equipment | 213 | 156 | 57 |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 11900 | 11900 | --- |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | 10099 | 9840 | 259 |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 913477 | 257209 | 656268 |
| | | | | |

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|----------------------|--|----------------------------------|--|---|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 10342 | --- | --- |
| 304 | Structures and Improvements | 6200 | 5% | 295 |
| 307 | Wells and Springs | 80765 | 4% | 1768 |
| 311 | Pumping Equipment | 157421 | 5% | 9401 |
| 320 | Water Treatment Equipment | | | |
| 330 | Distribution Reservoirs and Standpipes | 90349 | 4% | 3614 |
| 331 | Transmission and Distribution Mains | 400957 | 4% | 14717 |
| 333 | Services | 824 | 5% | 41 |
| 334 | Meters and Meter Installations | 22686 | 5% | 1100 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 105110 | 4% | 4204 |
| 340 | Office Furniture and Equipment | 6311 | 7% | 365 |
| 341 | Transportation Equipment | 10300 | 5% | 104 |
| 343 | Tools, Shop and Garage Equipment | 213 | 20% | 43 |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 11900 | 5% | --- |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | 10099 | 6% | 318 |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 913477 | | 35970 |
| | | | | |

This amount goes on Comparative statement of Income and Expense Acct. No. 403.

Less: Amortization of Contributions in Aid of Construction

(17451)
\$ 18519

See Accountants' Report.

BALANCE SHEET

| Acct. No. | ASSETS | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|----------------------|---|---|---------------------------------------|
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 42035 | \$ 75819 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 18946 | 13024 |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | 7235 | 2060 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 68216 | \$ 90903 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 830915 | \$ 913477 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | (204027) | (257209) |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 626888 | \$ 656268 |
| | TOTAL ASSETS | \$ 695104 | \$ 747171 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

| Acct. No. | LIABILITIES | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ 10 | \$ |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 6071 | 6571 |
| 236 | Accrued Taxes | 564 | 463 |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | 986 | (1201) |
| | TOTAL CURRENT LIABILITIES | \$ 7631 | \$ 5833 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes Payable | \$ 257396 | \$ 254977 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | 26890 | 26764 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 283599 | 351393 |
| 272 | Less: Amortization of Contributions | | (72451) |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ 310489 | \$ 305706 |
| | TOTAL LIABILITIES | \$ 575516 | \$ 566516 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | 119588 | 180655 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ | \$ |
| | TOTAL LIABILITIES AND CAPITAL | \$ 695104 | \$ 747171 |

| | |
|---|------------------|
| Beginning Retained Earnings | 119588 |
| 2005 Net Income | 5646 |
| Adjustment to Record Amortization of Contributions in Aid of Construction at Beginning of Year | 55000 |
| Other Adjustments | <u>421</u> |
| Ending Retained Earnings | \$ <u>180655</u> |

See Accountants' Report.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|------------------|---|-------------------|---------------------|
| 461 | Metered Water Revenue | \$ 117824 | \$ 113587 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenue | 8068 | 8875 |
| | TOTAL REVENUES | \$ 125892 | \$ 122462 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ 27937 | \$ --- |
| 610 | Purchased Water | | |
| 615 | Purchased Power | 23479 | 20259 |
| 618 | Chemicals | | |
| 620 | Repairs and Maintenance | 10741 | 2210 |
| 621 | Office Supplies and Expense | 7051 | 7038 |
| 630 | Outside Services | 2686 | 41683 |
| 635 | Water Testing | 580 | 500 |
| 641 | Rents | | |
| 650 | Transportation Expense | 638 | 2203 |
| 657 | Insurance – General Liability | 1497 | 13442 |
| 659 | Insurance – Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | | |
| 675 | Miscellaneous Expense | 3348 | 1640 |
| 403 | Depreciation Expense | 33652 | 18519 |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | 10128 | 10530 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 121737 | \$ 118024 |
| | | | |
| | OPERATING INCOME/(LOSS) | \$ 4155 | \$ 4438 |
| | | | |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | 593 | 13465 |
| 426 | Miscellaneous Non-Utility Income | | |
| 427 | Interest Expense | 12957 | 12257 |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ (12364) | \$ 1208 |
| | | | |
| | NET INCOME/(LOSS) | \$ (8209) | \$ 5646 |

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued | 5/16/2002 | | | |
| Source of Loan | U.S.D.A. | | | |
| ACC Decision No. | 61733 | | | |
| Reason for Loan | Plant Upgrade | | | |
| Dollar Amount Issued | \$ 266300.00 | \$ | \$ | \$ |
| Amount Outstanding | \$ 254976.83 | \$ | \$ | \$ |
| Date of Maturity | 6/30/2041 | | | |
| Interest Rate | 5.00% | % | % | % |
| Current Year Interest | \$ 12256.67 | \$ | \$ | \$ |
| Current Year Principal | \$ 2419.00 | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End \$ 6571

Meter Deposits Refunded During the Test Year \$

WATER COMPANY PLANT DESCRIPTION**WELLS**

| ADWR ID Number* | Pump Horsepower | Pump Yield (Gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (Inches) | Year Drilled |
|----------------------------|----------------------------|-----------------------------|------------------------------------|---|--------------------------------|---------------------|
| 55-622-894 | 7.5 | 45 | 500 | 7-1/2 | 2-1/2 | 1969 |
| 55-622-895 | 40.0 | 200 | 600 | 12 | 3 | 1972 |
| 55-579-159 | 40.0 | 200 | 800 | 8 | 3 | 2000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |

*Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (Gpm) | Gallons Purchased or Obtained (in thousands) |
|----------------------------|---------------------------|---|
| None | | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|-----------------|--------------------------|-----------------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 5 | 1 | | |
| 10 | 2 | | |
| 20 | 1 | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------------|-----------------|-----------------------|-----------------|
| Capacity | Quantity | Capacity | Quantity |
| 150000 | 1 | N/A | 1 |
| 20000 | 1 | 1000 | 1 |
| 6000 | 1 | 5000 | 1 |
| | | | |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

| MAINS | | |
|------------------|----------|------------------|
| Size (in inches) | Material | Length (in feet) |
| 2 | PVC | 1272 |
| 3 | PVC | 12370 |
| 4 | PVC | 8820 |
| 5 | PVC | NONE |
| 6 | PVC | 28470 |
| 8 | PVC | 400 |
| 10 | | |
| 12 | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| CUSTOMER METERS | |
|------------------|----------|
| Size (in inches) | Quantity |
| 5/8 x 3/4 | 293 |
| 3/4 | 12 |
| 1 | 9 |
| 1 1/2 | |
| 2 | |
| Comp. 3 | |
| Turbo 3 | |
| Comp. 4 | |
| Turbo 4 | |
| Comp. 6 | |
| Turbo 6 | |
| | |
| | |

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

NONE

OTHER:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD | GALLONS PUMPED (Thousands) |
|------------------|----------------------------|---------------------|---------------------------------------|
| JANUARY | 303 | 1101000 | 1101000 |
| FEBRUARY | 306 | 1540000 | 1546000 |
| MARCH | 303 | 2540000 | 2650000 |
| APRIL | 303 | 3344000 | 3420000 |
| MAY | 304 | 3763000 | 3286000 |
| JUNE | 305 | 4870000 | 5581000 |
| JULY | 303 | 4993000 | 5220000 |
| AUGUST | 309 | 3113000 | 3445000 |
| SEPTEMBER | 308 | 3248000 | 3796000 |
| OCTOBER | 308 | 3023000 | 3390000 |
| NOVEMBER | 312 | 2795000 | 3019000 |
| DECEMBER | 314 | 2376000 | 2520000 |
| TOTAL | | 36706000 | 38974000 |

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system? #1--0.0051; #2--0.0033; #3-- 0018 mg/l
(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2005 was \$ 10530.06

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 09 2006

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | | |
|---|--|--|
| (COUNTY OF (COUNTY NAME)) Pima | | Z Corporation Commissio Director of Utilities |
| NAME (OWNER OR OFFICIAL) Albert Lannon | | TITLE President |
| COMPANY NAME Rancho Del Conejo Community Water Co-op, Inc. | | |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2005 |

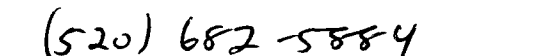
HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

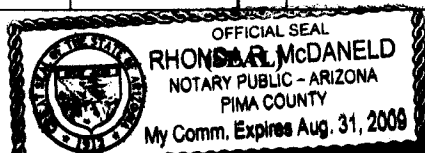
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL


TELEPHONE NUMBER


SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 7 DAY OF

| | |
|-------------|------------|
| COUNTY NAME | Pima |
| MONTH | March 2006 |



MY COMMISSION EXPIRES

31 Aug 2009


SIGNATURE OF NOTARY PUBLIC

See Accountants' Report.

For this reporting period, please provide the following:

Non-profit Corporation (Co-op)

Non-profit Corporation (Co-op)

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/2/06
DATE

Albert Lannon
PRINTED NAME

President
TITLE

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

MAR 09 2006

VERIFICATION
STATE OF

Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)

Pima

NAME (OWNER OR OFFICIAL) TITLE

Albert Lannon, President

COMPANY NAME

Rancho Del Conejo Community Water Co-op, Inc.

Z Corporation Commissic
Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 129320

(THE AMOUNT IN THE BOX ABOVE
INCLUDES \$ 6858
IN SALES TAXES BILLED, OR COLLECTED)

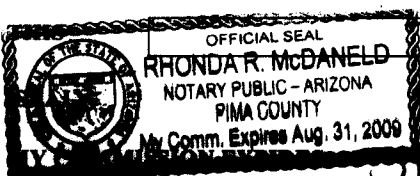
****REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Albert Lannon
SIGNATURE OF OWNER OR OFFICIAL

(520) 682-5884
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

COUNTY NAME

Pima

MONTH

March 2006

Rhonda R. McDanel
SIGNATURE OF NOTARY PUBLIC

See Accountant's Report.

RECEIVED

MAR 09 2006

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

**Corporation Commission
Director of Utilities**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

| | |
|---|--------------------|
| (COUNTY NAME) Pima | |
| NAME (OWNER OR OFFICIAL) Albert Lannon | TITLE President |
| COMPANY NAME Rancho Del Conejo Community Water Co-op, Inc. | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2005 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

| |
|---|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES |
| \$ 129320 |

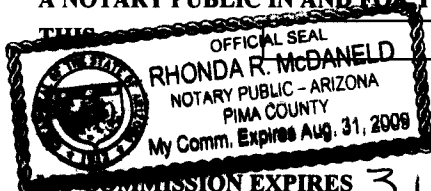
(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6858
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Albert Lannon
SIGNATURE OF OWNER OR OFFICIAL

(520) 682-5884
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF**



THIS 7 DAY OF

| | | |
|--------------------|-------------------|------|
| NOTARY PUBLIC NAME | Rhonda R. McDanel | |
| COUNTY NAME | Pima | |
| MONTH | march | 2006 |

Rhonda R. McDanel
SIGNATURE OF NOTARY PUBLIC

See Accountants' Report

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

We have compiled the balance sheets of Rancho Del Conejo Community Water Co-op, Inc. as of December 31, 2005 and 2004, and the related comparative statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand - Valenzuela CPAs P.C.

February 22, 2006



| | | | | | |
|----------|------|--------------|-------------|-------|------------|
| TAX YEAR | 2005 | REFERENCE NO | 05011151418 | AS OF | 02/07/2006 |
|----------|------|--------------|-------------|-------|------------|

| TAX BILLED | | TAX PAYER ADDRESS |
|-------------|---------|---|
| FIRST HALF | \$31.59 | RANCHO DE CANEJO WATER CO-OP 13000 W RUDASILL TUCSON AZ 85743 |
| SECOND HALF | \$0.00 | |
| TOTAL YEAR | \$31.59 | |

| AMOUNTS PAID | | | | | AMOUNTS DUE | | | | |
|---------------------|---------|----------|--------|---------|---------------------|--------|----------|--------|--------|
| HALF | TAX | INTEREST | MHR | TOTAL | HALF | TAX | INTEREST | MHR | TOTAL |
| FIRST | \$31.59 | \$0.00 | \$0.00 | \$31.59 | FIRST | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND | \$0.00 | \$0.00 | \$0.00 | \$0.00 | SECOND | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SHERIFF SEIZURE FEE | | | | \$0.00 | SHERIFF SEIZURE FEE | | | | \$0.00 |
| NSF FEE | | | | \$0.00 | NSF FEE | | | | \$0.00 |
| RECLAIMED REFUNDS | | | | \$0.00 | RECLAIMED REFUNDS | | | | \$0.00 |
| TOTAL AMOUNT PAID | | | | \$31.59 | TOTAL AMOUNT DUE | | | | \$0.00 |

[illegible]

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP
ATTN: LARRY FLOCKS, PRESIDENT
13000 W RUDASILL RD
TUCSON AZ 85743-7622

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2005 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 213 | 12 | 3100 | \$ 80.02 | 9/30/2005 |

| PAYMENTS | | | | | |
|--------------|-------------|----------|---------------|-----------|---------|
| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
| 09/29/2005 | FULL YEAR | \$80.02 | \$0.00 | \$0.00 | \$80.02 |
| | TOTAL PAID | \$80.02 | \$0.00 | \$0.00 | \$80.02 |

PROPERTY ADDRESS

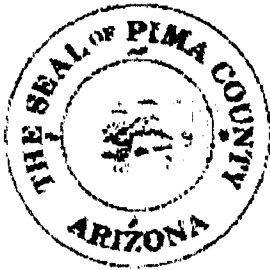
TAX YEAR 2005 BALANCE DUE

| DESCRIPTION | AMOUNT |
|----------------------|--------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809



Beth Ford Pima County Treasurer

Parcel: 21312150J 8 Total Taxes: \$606.33 Tax Year: 2004 As of Date: 04/11/2005

CURRENT STATUS

| | First Half | Second Half |
|----------------|------------|-------------|
| Tax Due: | \$0.00 | \$0.00 |
| Date Paid: | 09/27/2004 | 02/11/2005 |
| Method: | CK | CK |
| Tax Paid: | \$303.17 | \$303.16 |
| Paid By: | 01 | 01 |
| Trans Type: | | |
| Interest Paid: | \$0.00 | \$0.00 |

PARCEL INFORMATION

Area Code: 0602

Taxpayer Name/Address:

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP
ATTN: RANDY RIST/SEC-TREAS
13000 W RUDASILL RD
TUCSON AZ 85743

TAX DUE SUMMARY

| | First Half | Second Half | Total Year |
|-------------------------|---------------|----------------|---------------|
| Taxes: | \$0.00 | \$0.00 | \$0.00 |
| Interest: | \$0.00 | \$0.00 | \$0.00 |
| | \$0.00 | \$0.00 | \$0.00 |
| NSF Fees | | | \$0.00 |
| Reclaimed Refunds | | | \$0.00 |
| TOTAL AMOUNT DUE | | | \$0.00 |

Property Address:

13130 W RUDASILL RD

Legal Description:

W150' N300' OF E2 SW4 SE4 NW4 1.03 AC
SEC 8-13-11
TOTAL VALUE OF OPERATING PROPERTY -
TAXPAYER
GROUP NO 232

HISTORY TAX ROLL CHANGE

2003 \$622.84
2002 \$645.84
2001 \$665.50
2000 \$659.92
1999 \$657.46

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP
ATTN: LARRY FLOCKS, PRESIDENT
13000 W RUDASILL RD
TUCSON AZ 85743-7622

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2005 REAL ESTATE TAXES

| | | | | |
|------|-----|--------|--------------------|-----------|
| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
| 213 | 12 | 150J | \$ 588.60 | 9/30/2005 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------------|-----------------|---------------|---------------|-----------------|
| 09/23/2005 | FIRST HALF | \$294.30 | \$0.00 | \$0.00 | \$294.30 |
| 09/23/2005 | SECOND HALF | \$294.30 | \$0.00 | \$0.00 | \$294.30 |
| | TOTAL PAID | \$588.60 | \$0.00 | \$0.00 | \$588.60 |

PROPERTY ADDRESS

13130 W RUDASILL RD

TAX YEAR 2005 BALANCE DUE

| DESCRIPTION | AMOUNT |
|-------------------------|---------------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP
ATTN: LARRY FLOCKS, PRESIDENT
13000 W RUDASILL RD
TUCSON AZ 85743-7622

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2005 REAL ESTATE TAXES

| BOOK | PAGE | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|------|--------|--------------------|-----------|
| 213 | 12 | 0820 | \$ 20.40 | 9/30/2005 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------------|----------------|---------------|---------------|----------------|
| 09/23/2005 | FULL YEAR | \$20.40 | \$0.00 | \$0.00 | \$20.40 |
| | TOTAL PAID | \$20.40 | \$0.00 | \$0.00 | \$20.40 |

PROPERTY ADDRESS

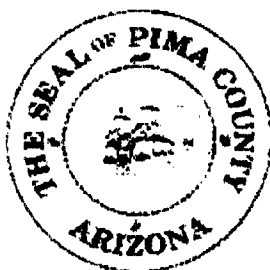
TAX YEAR 2005 BALANCE DUE

| DESCRIPTION | AMOUNT |
|-------------------------|---------------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$0.00 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$0.00 |

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809



Beth Ford Pima County Treasurer

Parcel: 923206020 6 Total Taxes: \$9,513.94 Tax Year: 2004 As of Date: 04/11/2005

CURRENT STATUS

| | First Half | Second Half |
|----------------|------------|-------------|
| Tax Due: | \$0.00 | \$0.00 |
| Date Paid: | 09/27/2004 | 02/11/2005 |
| Method: | CK | CK |
| Tax Paid: | \$4,756.97 | \$4,756.97 |
| Paid By: | 01 | 01 |
| Trans Type: | | |
| Interest Paid: | \$0.00 | \$0.00 |

PARCEL INFORMATION

Area Code: 0602

Taxpayer Name/Address:

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP

RANDY RIST/SEC-TREAS
13000 W RUDASILL ROAD
TUCSON AZ

TAX DUE SUMMARY

| | First Half | Second Half | Total Year |
|-------------------|---------------|----------------|---------------|
| Taxes: | \$0.00 | \$0.00 | \$0.00 |
| Interest: | \$0.00 | \$0.00 | \$0.00 |
| | \$0.00 | \$0.00 | \$0.00 |
| NSF Fees | | | \$0.00 |
| Reclaimed Refunds | | | \$0.00 |
| TOTAL AMOUNT DUE | | | \$0.00 |

Property Address:

Legal Description:

TOTAL VALUE OF OPERATING PROPERTY
TAXPAYER GROUP NO 232

HISTORY TAX ROLL CHANGE

| | |
|------|------------|
| 2003 | \$9,228.14 |
| 2002 | \$0.00 |
| 2001 | \$0.00 |
| 2000 | \$0.00 |
| 1999 | \$0.00 |

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

RANCHO DEL CONEJO COMMUNITY WATER
CO-OP
ATTN: LARRY FLOCKS, PRESIDENT
13000 W RUDASILL RD
TUCSON AZ 85743-7622

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2005 REAL ESTATE TAXES

| BOOK | MAP | PARCEL | TOTAL TAX ASSESSED | DATE |
|------|-----|--------|--------------------|-----------|
| 923 | 20 | 6020 | \$ 8,498.62 | 9/30/2005 |

PAYMENTS

| PAYMENT DATE | DESCRIPTION | TAX PAID | INTEREST PAID | FEES PAID | TOTAL |
|--------------|-------------------|-------------------|---------------|---------------|-------------------|
| 09/23/2005 | FIRST HALF | \$4,749.31 | \$0.00 | \$0.00 | \$4,749.31 |
| | TOTAL PAID | \$4,749.31 | \$0.00 | \$0.00 | \$4,749.31 |

PROPERTY ADDRESS

TAX YEAR 2005 BALANCE DUE

| DESCRIPTION | AMOUNT |
|-------------------------|-------------------|
| FIRST HALF TAX DUE | \$0.00 |
| SECOND HALF TAX DUE | \$4,749.31 |
| NSF FEE DUE | \$0.00 |
| RECLAIMED REFUND DUE | \$0.00 |
| TOTAL AMOUNT DUE | \$4,749.31 |

ADDITIONAL INFORMATION

FIRST HALF TAXES ARE DUE 10/01/2005 AND DELINQUENT AFTER 11/01/2005. SECOND HALF TAXES ARE DUE 03/01/2006 AND DELINQUENT AFTER 05/01/2006. INTEREST CHARGES ACCRUE FOR PAYMENTS MADE AFTER DELINQUENCY DATES. FOR PAYMENT INFORMATION AFTER DELINQUENCY DATES, PLEASE CALL (520) 740-8341 OR VISIT WWW.TO.PIMA.GOV

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

115 North Church Avenue - Tucson, Arizona 85701-1199 - Phone (520) 740-8341 - Fax (520) 884-4809